

Message Text

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DRAFTED BY L/T - JABOYD:NMC
APPROVED BY L/SFP:LGFIELDS,JR.
EUR/SE - J.G. DAY
L/EUR - H.S. RUSSELL

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R 131824Z JUN 75

FM SECSTATE WASHDC
TO AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS:EFIN, GR

SUBJECT: FOREIGN TAXATION OF USG EXPENDITURES ABROAD

REF: 2 FAM 265

1. SINCE 1970 THE STATE/DEFENSE INTERDEPARTMENTAL COMMITTEE ON FOREIGN TAX RELIEF HAS BEEN CONCERNED WITH EFFORTS TO REDUCE TO A MINIMUM THE FOREIGN TAXATION OF ALL UNITED STATES GOVERNMENT EXPENDITURES MADE ABROAD. THE OFFICE OF THE LEGAL ADVISER IN DEPT OF STATE HAS BEEN DESIGNATED AS CENTRAL OFFICE RESPONSIBLE FOR WORLDWIDE FOREIGN TAX RELIEF MATTERS WITHIN DEPT. PRIORITY ATTENTION AND EFFORTS WERE GIVEN AT INCEPTION OF COMMITTEE TO EXPENDITURES MADE ABROAD FOR THE COMMON DEFENSE. NOW THERE IS A GROWING CONCERN WITH TAXATION ON U.S. DIPLOMATIC AND CONSULAR EXPENDITURES. THE LEGAL ADVISER HAS ASSIGNED RESPONSIBILITY FOR MONITORING THESE VARIOUS FORMS OF TAXATION IMPOSED BY FOREIGN GOVERNMENTAL AUTHORITIES TO THE ASSISTANT LEGAL ADVISER FOR SPECIAL FUNCTIONAL PROBLEMS WHO IN HIS CAPACITY AS CHAIRMAN OF THE INTER-AGENCY COMMITTEE HAS VISITED ALL NINE OF THE EC COUNTRIES AND SEVERAL OF THE

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ASSOCIATE COUNTRIES TO DISCUSS EXEMPTION POLICIES.

2. IN VIEW OF JURISDICTIONAL INTEREST OF INTER-AGENCY COMMITTEE IN FOREIGN TAXATION OF USG EXPENDITURES ABROAD, AND IN VIEW OF PROPOSED TAX RELIEF PROVISIONS IN BASE RIGHTS AGREEMENT UNDER NEGOTIATION, COMMITTEE WOULD LIKE TO REVIEW OVERALL QUESTION OF TAX RELIEF WITH EMBASSY REPRESENTATIVE AND APPROPRIATE MILITARY OFFICERS ASSIGNED TAX RELIEF RESPONSIBILITIES. COMMITTEE IS PARTICULARLY INTERESTED IN UPDATING GREEK COUNTRY TAX LAW STUDY TO INCORPORATE POSSIBLE REVISIONS RESULTING FROM CHANGES IN GOVERNMENT SINCE ORIGINAL STUDY WAS MADE. COMMITTEE IS ALSO INTERESTED IN DEVELOPING GOG POSITION ON ACCORDING TAX RELIEF FOR DIPLOMATIC AND CONSULAR EXPENDITURES BY FOREIGN MISSIONS IN CONJUNCTION WITH OVERALL STUDY OF EEC AND ASSOCIATE COUNTRIES. THIS IS PARTICULARLY IMPORTANT IN VIEW OF GREECE'S STATED INTEREST IN BECOMING A FULL MEMBER OF EEC.

3. SUBJECT TO EMBASSY CONCURRENCE, COMMITTEE COMPOSED OF CHAIRMAN L. G. FIELDS, JR. (ASSISTANT LEGAL ADVISER), AND JOHN A. BOYD (ATTORNEY ADVISER L/T) CAN BE IN ATHENS ON OR ABOUT JUNE 28 AND CONTEMPLATE TWO OR THREE DAYS OF CONSULTATIONS (JUNE 30 THROUGH JULY 2).

KISSINGER

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